

B S R & Co. LLP

Chartered Accountants

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Review report

To Board of Directors of Alkem Laboratories Limited

We have reviewed the accompanying statement of unaudited standalone financial results ('the Statement') of Alkem Laboratories Limited ('the Company') for the quarter ended 30 June 2016 attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Attention is drawn to the fact that the figures for the corresponding quarter ended 30 June 2015 including the reconciliation of profit under Indian Accounting Standards (Ind AS) of the corresponding quarter with profit under previous GAAP, as reported in these financial results have been approved by Company's Board of Directors but have not been subjected to review or audit.

This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on these financial results based on our review.

We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement prepared in accordance with applicable accounting standards Ind AS prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI Circular dated 5 July, 2016 including the manner in which it is to be disclosed, or that it contains any material misstatement.

For **B S R & Co. LLP**
Chartered Accountants

Firm's Registration No: 101248W/W-100022



Sadashiv Shetty

Partner

Membership No: 048648

Mumbai
12 August 2016

ALKEM LABORATORIES LIMITED

CIN No.:U00305MH1973PLC174201

Regd. Office and Corporate Office: Alkem House, Senapati Bapat Marg, Lower Parel, Mumbai - 400013, Maharashtra, India.

Tel No:91 22 3982 9999 Fax No: +91 22 2492 7190

Website : www.alkemlabs.com, Email Id : investors@alkem.com

Statement of Unaudited Standalone Financial Results for the Quarter ended 30 June 2016

(₹ in Millions except per share data)

| | Particulars | Quarter ended | |
|-----------|--|-------------------------|-------------------------|
| | | 30.06.2016 Unaudited | 30.06.2015 Unaudited |
| 1 | Income from Operations | | |
| | (a) Net Sales / Income from Operations (Net of Excise Duty) | 11,418.7 | 9,383.8 |
| | (b) Other Operating Income | 178.7 | 113.1 |
| | Total Income from Operations (Net) | 11,597.4 | 9,496.9 |
| 2 | Expenses | | |
| | (a) Cost of materials consumed | 3,019.8 | 2,676.6 |
| | (b) Purchases of stock-in-trade | 1,776.4 | 1,647.6 |
| | (c) Changes in inventories of finished goods, work-in-progress and stock-in-trade | (183.8) | (522.5) |
| | (d) Employee benefits expense | 1,885.7 | 1,751.1 |
| | (e) Depreciation and amortisation expense | 175.2 | 170.1 |
| | (f) Other expenses | 2,624.3 | 2,291.4 |
| | Total Expenses | 9,297.6 | 8,014.3 |
| 3 | Profit from Operations before Other Income, Finance Costs and Exceptional Item (1-2) | 2,299.8 | 1,482.6 |
| 4 | Other Income | 328.2 | 404.4 |
| 5 | Profit from ordinary activities before Finance Costs and Exceptional Item (3+4) | 2,628.0 | 1,887.0 |
| 6 | Finance costs | 54.0 | 196.4 |
| 7 | Profit from ordinary activities after Finance Costs but before Exceptional Item (5+6) | 2,574.0 | 1,690.6 |
| 8 | Exceptional item | - | - |
| 9 | Profit from ordinary activities before tax (7+8) | 2,574.0 | 1,690.6 |
| 10 | Tax expense / (Credit) | 59.2 | (26.1) |
| 11 | Net Profit for the period from ordinary activities after tax (9 + 10) | 2,514.8 | 1,716.7 |
| 12 | Extraordinary items (net of tax expense) | - | - |
| 13 | Net Profit for the period (11+12) | 2,514.8 | 1,716.7 |
| 14 | Other Comprehensive Income (net of tax) | (34.3) | (0.6) |
| 15 | Total Comprehensive Income (after tax) (13 + 14) | 2,480.5 | 1,716.1 |
| 16 | Paid-up Equity Share Capital (Face Value ₹ 2 each fully paid up) | 239.1 | 239.1 |
| 17 | Earnings Per Share of ₹ 2 each (not annualised) | | |
| | (a) ₹ (Basic) | 21.03 | 14.36 |
| | (b) ₹ (Diluted) | 21.03 | 14.36 |

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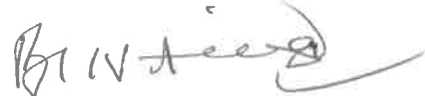
Notes :

- 1 The above unaudited standalone financial results of the Company were reviewed and recommended by the Audit Committee on 11 August 2016 and subsequently approved by the Board of Directors at its meeting held on 12 August 2016. The figures for the quarter ended 30 June 2016 have been subjected to limited review by the auditors.
- 2 Beginning 1 April 2016, the Company has for the first time adopted Indian Accounting Standard (Ind AS) with a transition date of 1 April 2015. Accordingly, these financial results have been prepared in compliance with Ind AS as notified by the Ministry of Corporate Affairs and prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting pronouncements generally accepted in India.
- 3 The figures and the reconciliation for the corresponding quarter ended 30 June 2015 are not subjected to limited review by the auditors. However, the management has exercised necessary due diligence to ensure that the financial results provide a true and fair view of its affairs in accordance with Ind AS.
- 4 Income from operations has been presented in accordance with the format prescribed by SEBI. Accordingly, Income from operation is net of excise duty.
- 5 The Company's management, pursuant to Ind AS 108 - Operating Segments, has concluded that the Company has only one reportable segment which is Pharmaceuticals. Accordingly, no separate disclosures of segment information have been made.
- 6 Reconciliation between financial results under previous Indian GAAP and Ind AS for the quarter ended 30 June 2015 is as under:

| Particulars | (₹ in Millions) |
|--|-------------------------|
| | Quarter Ended |
| | 30.06.2015 Unaudited |
| Net Profit (after tax) under previous Indian GAAP | 1,630.7 |
| Add/ (less) : Adjustments for GAAP Differences | 68.0 |
| Net gain arising on fair value accounting of financial assets | 0.9 |
| Net Actuarial loss on employee defined benefit plan reclassified to other comprehensive income | 51.5 |
| Restatement of provision for compensated absences | 3.9 |
| Others | (38.3) |
| Deferred Tax on above adjustments | 1,716.7 |
| Net Profit before Other Comprehensive Income/ Reserve as per Ind AS | 1,716.7 |

- 7 Previous periods' figures have been regrouped/reclassified wherever required, to make them comparable with the figures for the current periods.

By Order of the Board
For Alkem Laboratories Limited



B.N. Singh
Executive Chairman
DIN: 00760310

Place: Mumbai
Dated: 12 August 2016